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GOVT TO BAN IMPORT OF MORE DEFENCE ITEMS, SAYS MODI

The Prime Minister said on Thursday the Centre will further restrict import of defence items to boost domestic industry

'SELF RELIANCE WILL BOOST INDIA'S STANDING'

Addressing the defence industry outreach seminar, Narendra Modi said, attaining self-reliance in defence will help India become a net security provider in the Indian Ocean and make it a defence supplier for many friendly countries. He said 'Atmanirbhar Bharat' is not an inward looking idea. Rather, its aim is to enable India work towards attaining world peace

₹20,000 CR TO BE INVESTED OVER 5 YEARS

- Modi said India is working on developing new technologies, and private sector companies will be given a big role to play
- He said work on building defence corridors is on at a rapid pace in Uttar Pradesh and Tamil Nadu, and an investment of ₹20,000 crore would be made on them over the next five years | P9

Modi

ALLEGED THAT PREVIOUS GOVTS IGNORED INDIA'S DEFENCE INDUSTRY

CHENNAI • MADURAI • VIJAYAWADA • BENGALURU • KOCHI • HYDERABAD • VISAKHAPATNAM • COIMBATORE • KOZHIKODE • THIRUVANANTHAPURAM • BELAGAVI • BHUBANESWAR • SHIVAMOGGA • MANGALURU • TIRUPATI • TIRUCHY • TIRUNELVELI • SAMBALPUR • HUBBALLI • DHARMAPURI • KOTTAYAM • KANNUR • VILLUPURAM • KOLLAM • WARANGAL • TADEPALLIGUDEM • NAGAPATTINAM • THRISSUR • KALABURAGI

There is a shortfall in revenue as we are facing an Act of God, which might even result in a contraction of the economy

Nirmala Sitharaman, Union Finance Minister

Finance Minister Nirmala Sitharaman chairing the 41st GST Council meeting via video-conferencing, in New Delhi on Thursday | PTI

STATES STARE AT ₹2.35 LAKH CR GST REVENUE BLACKHOLE

Centre gives two options for states to meet revenue shortfall, offers to arrange borrowing from RBI at 'reasonable rates'; FM terms economic distress 'Act of God'

ANURADHA SHUKLA @ New Delhi

FACING heat from the states over non-payment of GST compensation, the Centre on Thursday said that it is also affected by the shortfall in GST collections. At the GST Council meeting, the Centre told states that the coronavirus-induced lockdown has severely impacted mop-up, leaving a gap of ₹2.35 lakh crore for the Centre to compensate states this year.

"As per the Centre's calculation, the compensation requirement by states in the current fiscal would be ₹3 lakh crore, of which ₹65,000 crore is expected to be met from the cess levied in the GST regime. Hence, the total shortfall is estimated at ₹2.35 lakh crore," said Finance Secretary Ajay Bhushan.

Calling the pandemic an Act of God, Finance Minister Nirmala Sitharaman said the Centre has less headroom to meet the gap. The Union Government can also not dip into the Consolidated Fund of India to pay off states, she said, referring to the Attorney General's advice. "The A-G's clear opinion was that the compensation gap cannot be met from the Consolidated Fund of India. He suggested the compensation cess levy can be extended beyond five years to meet the shortfall," she added.

Briefing reporters, the Finance Minister said two options were suggested in the meeting.

The first option is a special window for the states, in consultation with the RBI, to borrow ₹97,000 crore at a reasonable interest rate. The amount can be repaid by 2022 from the cess collection.

The second one is to borrow the entire ₹2.35 lakh crore shortfall under the special window.

The Finance Minister disclosed that states have asked for a detailed draft of the two options and sought a week's time to study both options and come back to meet again.

Nirmala said the options are only for this year. The situation will be reviewed in April next year to decide the future course of action.

Meanwhile, experts warn the revenue shortfall will be steeper than the government's estimate. According to Jayanta Roy, group head, corporate sector ratings at ICRA, SGST collections are likely to fall 21% to ₹4,01,100 crore in FY21, from ₹5,05,800 crore in FY20, which will push compensation amount above ₹2.35 lakh crore.

"With the aggregate protected revenues of the states being estimated by ICRA at ₹7,65,000 cr for FY21, the GST compensation requirement appears set to more than double to ₹3,639 billion (₹3,63,900 cr) for the current fiscal from ₹1,653 billion in FY20," he said. P10

'THERE'S TRUST DEFICIT BETWEEN CENTRE AND STATES'

PUNJAB: Punjab Finance Minister Manpreet Singh Badal said there is a clear trust deficit between the Centre and States. "We got a feeling a solution was being thrust upon us," he said after the GST Council meeting

'CENTRE MUST TAKE LOAN AND PAY STATES'

MAHARASHTRA: Dy CM and Finance Minister Ajit Pawar urged the Centre to take a low-interest loan and transfer the funds to states to help the latter survive financial crisis

'CENTRE CAN BORROW AND RELEASE FUNDS TO STATES'

ODISHA: Odisha Finance Minister Niranjan Pujari asked the Centre to release the pending GST compensation, adding that the Centre may borrow and release funds to the states

TAMIL NADU

Tamil Nadu Fisheries Minister D Jayakumar, who represented the State in the GST Council meeting on Thursday, urged the Centre to disburse ₹12,258.94 crore pending GST compensation. Jayakumar also asked the Centre to release the pending IGST dues of ₹4,073 cr

ANDHRA PRADESH

Andhra Pradesh Finance Minister Buggana Rajendranath said States have more commitments towards public expenditure and asked the Centre to fulfil its commitment made during the introduction of GST of compensating the revenue loss to States

TELANGANA

Telangana Finance Minister T Harish Rao demanded the Centre release GST compensation dues of ₹5,420 cr and IGST dues of ₹2,700 cr immediately. The state's contribution to GST Cess was ₹18,082 cr. The State has received ₹3,223 crore as GST compensation

KERALA

Kerala Finance Minister Thomas Isaac said the bifurcation of compensation amount as 'normal' and 'due to Covid-19' is not lawful. He said the Centre should borrow the entire sum and distribute among states, as it can mobilise funds at lesser interest rate

WEST BENGAL

West Bengal Finance Minister Amit Mitra said the Centre must pay the compensation from different cesses that it collects. Mitra said, "In case of a shortfall, it is the responsibility of the Centre to explore resources for compensating the states," he added

OPTION 1 Vs OPTION 2

Centre pegs total GST collection shortfall in FY21 at 2.35L cr (₹97,000 cr due to shortfall and the rest due to pandemic). The Centre offered two options: i) a special window to borrow ₹97,000 cr from RBI, to be repaid in five years; ii) borrow entire ₹2.35 lakh crore. Under 1st option, states' compensation entitlement will be protected. In the 2nd, states borrow more and pay for it using cess collected during transition period

Karnataka suggests higher taxes on luxury, sin goods

ANUSHA RAVI @Bengaluru

EVEN as it stressed that Centre-State coordination is absolutely necessary to sail through the current economic challenges, Karnataka demanded that its share of GST compensation be released immediately. Home Minister Basavaraj Bommai, who represented the state at the GST Council meeting on Thursday, said Karnataka had achieved 71.61% GST collection despite Covid and urged the Council to pay compensation of ₹13,764 crore for the past four months.

"Despite the pandemic, we have been a high-performance state when it comes to tax collection. I have insisted that the Council should not punish us if it can't reward us," Basavaraj Bommai told TNIE. With the GST Council offering two options for states to borrow, Karnataka insisted that the Centre itself should borrow and pay compensation to the states.

"Since compensation cess goes directly to the Centre, it will be difficult for states to raise loans. The Centre has the powers to extend the period for repayment of this loan beyond 2022 and get special interest rates. Hence, it is suitable for the Centre to take loans and give it to the state," Bommai said in a statement.

The state also suggested higher taxes on luxury and sin goods, as well as tobacco among others. CONTINUED ON: P7

INDIA REGISTERED A RECORD **75,760** NEW COVID-19 CASES IN THE 24 HOURS TILL THURSDAY MORNING

1,023 deaths during the period

33.10 lakh Total confirmed cases

7.25 lakh Active cases

60,442 Deaths

25,23,771 recoveries

TIME TAKEN TO ADD EACH ONE LAKH CASES

Date	Cases	Days
2 Aug	17,50,723	2
3 Aug	18,03,695	1
5 Aug	19,08,254	2
7 Aug	20,27,074	2
9 Aug	21,53,010	2
10 Aug	22,15,074	1
12 Aug	23,29,638	2
14 Aug	24,61,190	2
15 Aug	25,26,192	1
17 Aug	26,47,663	2
18 Aug	27,02,742	1
20 Aug	28,36,925	2
21 Aug	29,05,823	1
23 Aug	30,44,940	2
24 Aug	31,06,348	1
26 Aug	32,34,474	2
27 Aug	33,10,234	1

K'TAKA BREACHES 9K MARK in daily Covid-19 case count

9,386 TEST +VE ON THURSDAY

TOTAL CASES **3,09,792**

5,232 Total Deaths | **2,19,554** Total Discharges

FULL COVERAGE P4

Supreme Court rules states can make quota within quota for SC/ST

KANU SARDA @ New Delhi

THE Supreme Court on Thursday disagreed with a 2004 verdict of its Constitution Bench and held that held that states can make further reservations for sub-castes within the Scheduled Castes and Scheduled Tribes.

A five-judge bench, headed by Justice Arun Mishra, noted that the state legislatures as well as Parliament have the power to grant reservations in education and employment.

"Once the state has the power to give reservations, it can also make sub-classification to extend benefit to those sub-castes not receiving the benefit," said Justice Mishra, reading out the operative part of the judgment.

The 2004 judgment held that it is unconstitutional for state governments to provide a further sub-categorisation of Scheduled Castes (SC) and Scheduled Tribes (ST).

The bench ruled that allotting a specific percentage of the reserved seats to a particular sub-caste will not violate Article 341(2), 342, and 342A of the Constitution as no enlisted caste is denied the benefit of reservation. Under Article 341 (2), only Parliament may include or exclude any castes or tribes from the list of SC/STs.

The court was ruling on Punjab's government's appeal against a 2010 judgment by the Punjab and Haryana High Court that struck down Section 4(5) of the Punjab Scheduled Castes and Backward Classes Act, 2006 as unconstitutional.

Section 4(5) of the Act provided for 'first preference' to certain castes for Scheduled Caste reservations in public services.

In its ruling, the High Court had cited the 2004 judgment of the Supreme Court.

NEET, JEE

Students want exams held at any cost: Centre

EXPRESS NEWS SERVICE @ New Delhi

MAKING it clear yet again that the Centre won't put off holding the JEE (Main) and NEET exams, the Union Education Minister Ramesh Pokhriyal 'Nishank' on Thursday said most students want the exams to be held "at any cost".

"Parents and students, through email and social media, have said that the exams should be conducted in September," he said in a video message.

His comments came a day after chief ministers of seven opposition-ruled states decided to approach the Supreme Court seeking postponement of the exams in the light of the mounting Covid-19 cases in the country.

"The National Testing Agency has informed me that over 7 lakh candidates have downloaded JEE (Main) admit cards while over 10 lakh aspirants have downloaded NEET admit cards so far. This shows that the students want the exams to be held at any cost," the minister said.

Pokhriyal's comments were made after Higher Education Secretary Amit Khare held a meeting with the officials in the PMO.

READY TO START METRO SERVICES SOON, SAYS BSY

EXPRESS NEWS SERVICE @ Bengaluru

CHIEF Minister B S Yediyurappa on Thursday said the State Government is ready to start Metro Rail operations at the earliest and is awaiting a nod from the Union Government.

Speaking to reporters on the sidelines of an event to mark the renaming of Anand Rao Circle Flyover as Krantiveera Sangolli Rayanna Flyover, he said all safety measures are in place to start the Metro services. The central government is likely to issue Unlock-4 guidelines by September 1 and BMRCL can start operations immediately after the announcement, he said.

Mayor M Goutham Kumar also announced that the Kempegowda Awards, which were earlier cancelled, will now be held on September 2 and only 50 people will be permitted to attend the event. Zonal officials and corporators will participate through video-conference. He said that unlike pervious years, 50 Covid-19 warriors — 25 males and 25 females — will be honoured with the Kempegowda and Lakshmi awards this time.

HC ORDER UPHELD

No relief from SC for DKS in tax evasion case

EXPRESS NEWS SERVICE @New Delhi

THE Supreme Court on Thursday refused to stay criminal proceedings against Karnataka Pradesh Congress Committee president D K Shivakumar in a case registered by the Income Tax Department for allegedly evading tax.

A bench of Chief Justice of India S A Bobde allowed the Income Tax Department to file its reply in the case.

"Zoheb Hussain, counsel appearing for the respondent (I-T Dept), prays for and is granted two weeks' time to file counter-affidavit. Rejoinder affidavit, if any, be filed by the petitioner within one week thereafter. List the matter after four weeks," the bench said.

The I-T Department had filed a complaint against Shivakumar and others after it conducted a search in August 2017 under provisions of the Income Tax Act as well as Indian Penal Code. Shivakumar, in his appeal before the Apex Court, has challenged the November 2019 Karnataka High Court order which upheld a trial court decision rejecting his plea seeking discharge in the case.

Senior advocate Mukul Rohatgi, appearing for Shivakumar, pressed for staying the criminal proceedings, saying irreparable harm will be caused to the politician if interim stay is not granted.

GRAINS OF CONVENIENCE

Karnataka 'rices' to the occasion, plans Rice ATMs

ASHWINI M SRIPAD @Bengaluru

IMAGINE getting rice from an ATM! This is what the Karnataka government is planning to help the needy. Just like water vending machines, these machines will dispense certain quantity of rice if coins are inserted. People availing rice from the Public Distribution System (PDS) can get rice at such centres anytime and need not have to visit ration shops during working hours.

At present, Indonesia and Vietnam have a similar system. In May, Indonesia had rolled out Rice ATMs across Jakarta to assist those struggling to feed their families, as the coronavirus pandemic took a heavy toll on its economy. Free rice is dispensed using artificial intelligence.

Speaking to *TNIE*, Minister for Food and Civil Supplies K Gopalaiah said there was a proposal before them to install Rice ATMs at various locations to help the poor. "I was told these come in various sizes -- 100 kg, 200 kg and 500 kg capacity. Once a coin is inserted, certain quantity of rice is dispensed."

He added, "We need to check how it works and make arrangements to refill rice every time the container gets empty. We are checking the feasibility. We plan to install this machine in one or two places on trial. If we get good results, we will install them in various places."

A senior official from the Food and Civil Supplies department said that most of the beneficiaries in the State work as daily wage labourers. They have to take off or take permission from work to visit the ration shops. These shops are open only during day time. It is not possible to keep these PDS shops open till night. Therefore, the government plans to start Rice ATMs. The staple can be availed by inserting coins. For those who have ration card, finger biometric system can be used.

At present, 5 kg of rice per individual per month is given to a BPL card holder family under the Anna Bhagya scheme and over 1.22 crore families and 4.27 crore individuals are covered.

The government distributes rice for free to BPL card holder family members. But APL family members get it for Rs 15 per kg. And since the outbreak of the pandemic, free rice is also being given to migrants, based on their Aadhaar card.

EXPRESS READ

TikTok CEO quits amid US pressure to sell video app

Hong Kong: TikTok CEO Kevin Mayer resigned Thursday amid US pressure for its Chinese owner to sell the popular video app, which the White House says is a security risk. Mayer said his decision comes after the "political environment has sharply changed" | P13

Azad, Sharma in Cong's coordination panel

New Delhi: Days after senior Congress leaders wrote a letter to chief Sonia Gandhi, the party has constituted a group of 10 MPs from across Rajya Sabha and Lok Sabha, for coordination in the two Houses. Ghulam Nabi Azad and Anand Sharma are in panel | P9

WITH THIS ISSUE CITY'S BEST WEEKEND GUIDE INDULGE 32 PAGES, INCLUDING 16 OF INDULGE (TABLOID)